

FILED

OCT 28 1996

NEW JERSEY BOARD OF  
CHIROPRACTIC EXAMINERS

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STATE OF NEW JERSEY  
DEPARTMENT OF LAW AND PUBLIC  
SAFETY  
DIVISION OF CONSUMER AFFAIRS  
STATE BOARD OF CHIROPRACTIC  
EXAMINERS

IN THE MATTER OF THE SUSPENSION :  
OR REVOCATION OF THE LICENSE OF :  
LOWELL LAZARUS, D.C. :  
LICENSE NO. 2386 :  
TO PRACTICE CHIROPRACTIC :  
IN THE STATE OF NEW JERSEY :

Administrative Action

CONSENT ORDER

ORIGINAL

This matter was opened to the Board of Chiropractic Examiners (hereinafter, the "Board") following an investigation of the chiropractic practices of Steven Verchow, D.C. and Alexander Kuntzevich, D.C. (hereinafter, "Dr. Verchow" and "Dr. Kuntzevich", respectively, or "Drs. Verchow and Kuntzevich", collectively), and the role which Lowell Lazarus, D.C. (hereinafter, "Dr. Lazarus" or "Respondent") performed in these chiropractic practices.

The Board has reviewed various patient files in which Respondent was an examining and/or treating chiropractic physician and a participant in the chiropractic practices of Drs. Verchow and Kuntzevich.

The Respondent makes the following admissions or assertions:

1. From May 1990 to February 1993, Respondent practiced as an associate in one or more treatment centers owned by Drs. Verchow and Kuntzevich, including Paterson-Bergen Chiropractic Associates, located in Paterson New Jersey.

2. Respondent failed to exercise his professional duty to make independent chiropractic judgments as to the diagnosis and treatment of his patients, but rather deferred to directions of Drs. Verchow and Kuntzevich and others in their practice; Drs. Verchow and Kuntzevich and these others did not know the specific needs of the patients Respondent examined or treated such that chiropractic decisions were made without reference to the specific needs of these patients, but rather for the purpose of justifying inflated insurance claims for services rendered and underpinning personal injury litigation in lawsuits brought by patients.

3. Respondent limited the time he took for initial chiropractic diagnostic examinations and for reexaminations, although he knew or should have known that more time was required to perform effective diagnostic examinations.

4. Respondent made diagnoses of disk wedging and disk displacement in the overwhelming majority of patient cases, although this condition did not exist or was of no clinical importance to the diagnosis of these patients.

5. Respondent participated in the practice of recording each patient's range of motion in a manner which was not accurate

but which was intended to reflect a lesser degree of range of motion than the patient actually had, in order to appear that the patient's condition was more serious than it actually was, in order to justify continuing treatments and to form the basis for personal injury lawsuits.

6. Respondent did not perform diagnostic evaluations appropriate to each presenting patient and therefore violated N.J.A.C. 13:44E-1.1(b).

7. Respondent aided and abetted in ordering diagnostic tests which were neither chiropractically nor medically necessary in the care of the overwhelming majority of the patients he either examined or treated; these tests were ordered to increase fees and to form the basis for personal injury lawsuits.

8. Respondent treated patients without regard to whether these patients needed chiropractic treatments; he aided and abetted in rendering purported treatments, including what purported to be adjustments and therapeutic modalities; in participating in these practices, respondent failed to exercise the independent judgment that is required of a professional chiropractic licensee.

9. Respondent utilized a numbering system for recording the condition of each patient at each visit; numbers were used without regard to the actual physical condition of the patients but merely to justify ongoing chiropractic treatments and to form the basis for seeking higher awards in personal injury lawsuits.

10. Respondent failed to take all actions necessary to stop the practice of his name being signed and/or his signature

stamp affixed by unlicensed personnel to order unnecessary diagnostic tests without his prior authorization.

11. Respondent repeatedly indicated in patient records that he performed "neuromuscular reeducation" on patients, when, in fact he did not, and when, in any event, these patients were not in need of neuromuscular reeducation; insurance companies were then billed for "neuromuscular reeducation."

12. Respondent failed to keep accurate contemporaneous patient records in violation of N.J.A.C. 13:44E-2.2(a).

The Board finds that the above-stated conduct, as well as other conduct not specifically recited herein, engaged in by Respondent constitutes:

a. dishonesty, fraud, deception and misrepresentation in violation of N.J.S.A. 45:1-21(b);

b. gross and repeated acts of negligence in violation of N.J.S.A. 45:1-21(c) and (d);

c. professional misconduct in violation of N.J.S.A. 45:1-21(e);

d. violation of regulations and statutes administered by the Board, in violation of N.J.S.A. 45:1-21(h).

The Board also recognizes that Respondent, although he delayed to some extent, eventually has been cooperative with the Attorney General in investigating certain practices of other chiropractic licensees and other health care professionals. The Board notes that other chiropractic licensees who were associates

in the chiropractic practice of Drs. Verchow and Kuntzevich did come forward earlier to make known information regarding the chiropractic practice of Drs. Verchow and Kuntzevich; on the other hand, the Board also notes that other persons with information about this practice did not come forward as did Respondent.

The parties being desirous of resolving this matter without the necessity of formal proceedings, and it appearing that Respondent acknowledges the findings of the Board previously set forth as accurate that his admissions and assertions constitute grounds for disciplinary action pursuant to N.J.S.A. 45:1-21(b), (c), (d), (e) and (h), and it further appearing that Respondent has read the terms of this Order and understands their meaning, consents to be bound by same, and it further appearing that the Board finds that the within Order is adequately protective of the public interest, and it further appearing that good cause exists for entry of the within Order:

IT IS THEREFORE ON THIS 28 DAY OF OCTober, 1996  
ORDERED:

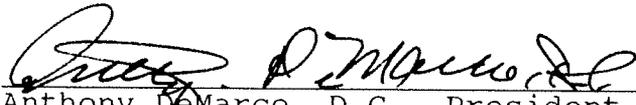
1. Respondent's license be and hereby is suspended for the above stated conduct for three years, said suspension to be stayed and to be deemed a period of probation, the conditions of which shall be that Respondent remains in compliance with all other provisions of this Order and all statutory and regulatory provisions applicable to the practice of chiropractic.

2. Respondent shall, on or before November 1, 1996, pay a civil penalty to the Board in the amount of four thousand

(\$4,000) dollars by certified check or money order made payable to the New Jersey State Board of Chiropractic Examiners.

3. Respondent shall submit to ongoing monitoring of his chiropractic practice and shall submit to random and unannounced audits of the respondent's patient records and billing records as may be conducted by the Board's designees, at the Board's discretion, for a period of three years from the entry date of this Order. On demand made, the respondent shall immediately make available all records necessary to conduct the audit as determined by the Board or its designees.

4. Notwithstanding any provision of this Order, nothing in this Order shall prevent the Board, in its sole discretion, from deciding to initiate any action it deems appropriate and necessary to discipline Respondent or to protect the public health, safety and welfare, consistent with its authority, including but not limited to its authority as set forth in N.J.S.A. 45:1-21 and N.J.S.A. 45:1-22, where such conduct: (a) occurred prior to May 1990 or after February 1993; or (b) occurred during the period 1990 to 1993, was not conduct relating to the practice of Drs. Verchow and Kuntzevich, as described herein or in the administrative complaint filed with the Board on October 12, 1994 regarding Drs. Verchow and Kuntzevich; or (c) resulted in physical or psychological damage to any patient.

  
Anthony DeMarco, D.C., President  
Board of Chiropractic Examiners

I have read the within Order.  
I understand the Order, and I  
agree to be bound by its terms  
and conditions. Consent is  
hereby given to enter this Order.

Lowell Lazarus D.C.  
Lowell Lazarus, D.C.

Consented as to form and entry  
Peter Gilbreth  
Peter Gilbreth, Esq.  
Attorney for Respondent

RECEIVED

PETER G. VERNIERO  
Attorney General of New Jersey  
Attorney for Third-Party Plaintiff/Intervenor  
R.J. Hughes Justice Complex  
CN 117  
Trenton, NJ 08625

By: Lee Barry  
Senior Deputy Attorney General  
(609) 984-8469

~~SUPERIOR COURT OF NEW JERSEY~~  
**SUPERIOR COURT OF NEW JERSEY**  
**LAW DIVISION: SOMERSET COUNTY**  
**DOCKET NO. SOM-L-3105-91**

RAFAEL MORILLO and PATERSON-BERGEN  
CHIROPRACTIC ASSOCIATES, et al.,

Plaintiffs,

- vs -

MARKET TRANSITION FACILITY/NJAFIUA,  
improperly pleaded as or joined with MATERIAL  
DAMAGE ADJUSTMENT and WARNER  
INSURANCE SYSTEMS, et al.,

Defendant/Third-Party Plaintiff,

- vs -

PATERSON BERGEN CHIROPRACTIC,  
ADVANCED THERMOGRAPHIC IMAGING,  
ASSOCIATED HEALTH SERVICES, NORTHERN  
DIAGNOSTICS, STEVEN VERCHOW, D.C.,  
ALEXANDER KUNTZEVICH, D.C., HAROLD  
CITRONENBAUM, M.D., BARRY K.  
ROZENBERG, D.D.S., MICHAEL R. HERMAN,  
D.D.S., BARBARA DIEKMAN, D.C., KURT  
LUNDBURG, D.C., ROBERT STANLEY, D.C.,  
STEPHEN VARGO, D.C., INGRID CATANIA,  
D.C., LOWELL LAZARUS, D.C., ROBERT

Consolidated Civil Action

SETTLEMENT AGREEMENT  
AND RELEASES

ORIGINAL

BRENDEL, D.C., ROBERT LADUCA, D.C.,  
RONALD REEVES, D.C., SHARON DALY, D.C.,  
ALBERT ROMANO, D.C., JOHN DOES, D.C.s I  
through X, ROBERT W. JAMISON, D.O., DAN W.  
PARKINSON, M.D., GARDEN STATE  
ORTHOPAEDICS AND SPORTS MEDICINE,  
CENTURY MEDICAL, INC., CENTURY  
MEDICAL TRANSPORTATION, ACCIDENT AND  
ILLNESS CENTER OF PASSAIC, ACCIDENT  
AND ILLNESS CENTER OF PERTH AMBOY,  
ACCIDENT AND ILLNESS CENTER OF  
NEWARK, ACCIDENT AND ILLNESS CENTER  
OF EAST ORANGE, BERGEN-HUDSON-PASSAIC  
~~CHIROPRACTIC CENTER~~ CHIROPRACTIC CENTER, NEURO-KINETIC  
DIAGNOSTICS ASSOCIATES, CHIROPRACTIC  
PHYSICIAN, individual and severally,

Third-Party Defendants.

SUPERIOR COURT OF NEW JERSEY  
LAW DIVISION: SOMERSET COUNTY  
DOCKET NO. SOM-L-2088-92

GUILLERMO VECCO and PATERSON-BERGEN  
CHIROPRACTIC ASSOCIATES,

Plaintiffs,

- vs -

WARNER INSURANCE SYSTEMS,

Defendant/Third-Party Plaintiff,

- vs -

PATERSON BERGEN CHIROPRACTIC,  
ADVANCED THERMOGRAPHIC IMAGING,  
ASSOCIATED HEALTH SERVICES, NORTHERN

**Civil Action**

DIAGNOSTICS, STEVEN VERCHOW, D.C.,  
ALEXANDER KUNTZEVICH, D.C., HAROLD  
CITRONENBAUM, M.D., BARRY K.  
ROZENBERG, D.D.S., MICHAEL R. HERMAN,  
D.D.S., BARBARA DIEKMAN, D.C., KURT  
LUNDBURG, D.C., ROBERT STANLEY, D.C.,  
STEPHEN VARGO, D.C., INGRID CATANIA,  
D.C., LOWELL LAZARUS, D.C., ROBERT  
BRENDEL, D.C., ROBERT LADUCA, D.C.,  
RONALD REEVES, D.C., SHARON DALY, D.C.,  
ALBERT ROMANO, D.C., JOHN DOES, D.C.s I  
through X, ROBERT W. JAMISON, D.O., DAN W.  
PARKINSON, M.D., GARDEN STATE  
ORTHOPAEDICS AND SPORTS MEDICINE,  
CENTURY MEDICAL, INC., CENTURY  
MEDICAL TRANSPORTATION, ACCIDENT AND  
ILLNESS CENTER OF PASSAIC, ACCIDENT  
AND ILLNESS CENTER OF PERTH AMBOY,  
ACCIDENT AND ILLNESS CENTER OF  
NEWARK, ACCIDENT AND ILLNESS CENTER  
OF EAST ORANGE, BERGEN-HUDSON-PASSAIC  
CHIROPRACTIC CENTER, NEURO-KINETIC  
DIAGNOSTICS ASSOCIATES, CHIROPRACTIC  
PHYSICIAN, MARY DOES I through X, individual  
and severally,

Third-Party Defendants.

This Settlement Agreement and Releases ("the Settlement Agreement") is entered into among the following parties: The Attorney General of New Jersey; the New Jersey Commissioner of Banking and Insurance and the New Jersey Department of Banking and Insurance (collectively, "the Department"); The Market Transition Facility of New Jersey ("MTF"); the New Jersey Automobile Full Insurance Underwriting Association ("JUA") (collectively referred to as the "MTF/JUA"); the New Jersey State Board of Chiropractic Examiners ("the Board") (all of the foregoing collectively referred to as "the State"); Steven Verchow, D.C., and Alexander Kuntzevich, D.C. (collectively "V&K"). All of the foregoing are hereinafter referred to collectively as "the Parties."

## RECITALS

1. Prior to February 1993, V&K owned and operated a number of chiropractic clinics, located in Paterson, Passaic, Perth Amboy, Newark, East Orange and West New York, NJ, as well as their own individual private chiropractic practices with offices located in Paramus and Oradell, NJ (collectively "the Clinics").

2. Prior to February 1993, V&K also owned and operated, either alone or with others, a number of diagnostic entities located in Paterson and Passaic, NJ (collectively "the Diagnostic Entities").

3. Over a period of time, primarily between 1991 and 1994, V&K caused the Clinics and/or the Diagnostic Entities to file many individual suits in various counties and divisions of the Superior Court of New Jersey, seeking to recover Personal Injury Protection Medical Expense Benefits allegedly due for services rendered. These suits were filed in the name of individual patient/PIP claimants or particular V&K Clinics and/or Diagnostic Entities against the MTF/JUA as defendants (collectively "the PIP Suits").

4. Most or all of the PIP Suits were thereafter consolidated in the Superior Court, Law Division, Somerset County, in the above-captioned action.

5. V&K also caused the Clinics and/or Diagnostic Entities to file several individual actions for PIP benefits in the name of individual patients or particular V&K Clinics and/or Diagnostic Entities against various private insurance carriers ("the Private Carriers"), which suits have not been consolidated in the above-captioned action.

6. The MTF/JUA subsequently asserted various claims by way of counterclaim and/or third-party complaint against V&K and other professionals and non-professional staff members, alleging violations of the New Jersey Fraud Prevention Act, N.J.S.A. 17:33-1, et seq., common law fraud, as well as violations of other statutes and regulations, and seeking various remedies, including restitution and damages.

7. Thereafter, the Department, represented by the Attorney General, intervened for the purpose of seeking statutory penalties pursuant to N.J.S.A. 17:33A-7.

8. In 1994, the Board, represented by the Attorney General, instituted administrative proceedings against V&K alleging various violations of State law and regulations relating to the practice of chiropractic (the "Administrative Proceeding"). The relief sought included the revocation or suspension of the chiropractic licenses of V&K, the imposition of penalties, and restitution or restoration to various parties allegedly damaged by V&K's alleged activities.

9. V&K admit that the following conduct, which has been the subject of ~~sworn testimony, sworn statements, or admissions contained in settlements~~ with various associate chiropractors and non-professionals formerly employed by V&K, if accurate, occurred while those professional and non-professional staff members were under the supervision of V&K, and that to the extent such testimony, statements and admissions are accurate, V&K did not adequately supervise their licensed and unlicensed employees, such that:

- a. In many cases, the frequency of patient visits was scheduled without regard to the patients' needs.
- b. In many cases, patient visits were scheduled by non-professionals without regard to the patients' needs.
- c. In many cases, diagnostic tests were not specifically utilized by associate chiropractors in their treatment of patients, or in determining a patient's diagnosis.
- d. Narrative reports prepared by associate chiropractors under the signatures of V&K did not necessarily represent fully the patients' true medical condition in many cases.
- e. Chiropractic adjustments and other procedures, such as neuromuscular re-education, were frequently performed by associate chiropractors in a manner not fully in accordance with some accepted treatises in the field.

f. Attending Physician's Reports sent to insurance companies, which reports often indicated that the patients had permanent injury, were not always based on the treating physician's independent medical evaluation and judgment;

g. In a number of cases, the underlying patient records contained incorrect information.

10. V&K further admit the following on direct knowledge:

a. In total, thousands of patients visited the V&K Clinics, resulting in ~~millions of dollars in billings in each of the years 1991 and 1992.~~ The bills sent to auto insurance carriers under pre-printed signatures of V&K contained a "Certification" which stated in part "I have read this report and bill for health services and/or materials." In the great majority of cases, however, the bills were not personally read by V&K.

b. Drs. V and K knew that patients and patient records were routinely referred to Drs. Citronenbaum, Jamison and Parkinson for testing and/or evaluation without personally undertaking to ensure that the testing or evaluations were medically necessary or that the results thereof would meaningfully assist the patients' course of treatment.

c. Professional and non-professional staff members received bonuses based on the number of office visits in a given time period, the number of diagnostic tests performed, and the number of durable medical goods prescribed and sold to patients.

d. In violation of Board regulations [N.J.A.C. 13:44E-2.4(b)], patient records did not conspicuously indicate the name of the particular chiropractor of record for each patient.

e. In violation of Board regulations [N.J.A.C. 13:44E-2.2(a)(6)], formal treatment plans were not established for each patient.

11. After several years of litigation, the Parties desire to resolve their differences by settlement without further litigation and its attendant risks, time and expense, without any admission of liability or wrongdoing except as expressly set forth herein and in the Consent Order to be entered in the Administrative Proceeding. The Parties have each determined that a settlement is in their best interests, and in the case of the State, the public interest.

NOW, THEREFORE, in consideration of the following mutual covenants, promises and undertakings set forth herein, the Parties agree to settle fully and finally all issues

~~related to~~ ~~and claims in dispute~~ on the following terms:

**1. PAYMENT AND OTHER CONSIDERATION BY V&K:**

a. V&K shall pay to the State the sum of \$750,000.00 (Seven Hundred Fifty Thousand Dollars) in full satisfaction of all claims that were or could have been asserted against V&K, the Clinics and all Diagnostic Entities, except Associated Health Services (hereinafter "AHS"), on the terms and conditions more particularly set forth in Section 3(d), for compensatory damages, restitution, restoration, fines, penalties, punitive damages, or any other form of monetary relief by the State in this action, any other civil action, and in the Administrative Proceeding.

b. The State intends to allocate 40% of the \$750,000.00 to the Board and 60% to the Department for the benefit of the MTF and JUA. The State hereby acknowledges that V&K have not participated in this allocation decision, and that the decision is the product of the State's sole discretion.

c. The State represents that, prior to the execution of this Settlement Agreement, it has engaged in such investigation and due diligence as it deems appropriate with respect to the assets and liabilities of V&K, and is satisfied, based on its own investigation, and the representations of V&K, that \$750,000.00 represents a fair and reasonable monetary settlement with V&K under the circumstances.

- d. The \$750,000.00 shall be paid on the following terms:
1. \$250,000.00 upon execution of this Settlement Agreement (the "Execution Date").
  2. \$250,000.00 not later than one year after the Execution Date ("Second Payment"); and
  3. \$250,000.00 not later than two years after the Execution Date ("Final Payment").

e. V&K shall, in their sole discretion, have the right to prepay on the Execution Date or at any time thereafter, without any penalty or premium. If V&K elect to prepay, the balance due at the time of the election shall be present-valued using an assumed interest rate of 7.5 percent. No other party shall have the right to accelerate the payment schedule set forth in paragraph (d) above, except that the State shall have the right to declare the entire balance due and owing in the event of a default under ¶4(a) of this Settlement Agreement.

f. Unless prepaid pursuant to (e) above, the Second Payment shall be secured by the collateral described in Schedule 1 to this Settlement Agreement on such terms and conditions as V&K and the State shall hereafter mutually agree in writing. After the Second Payment has been made, the collateral described in Schedule 1 shall be rolled over to secure the Final Payment, unless V&K and the State mutually agree in writing upon different security for the Final Payment.

g. All checks for the payments set forth in this Section shall be made payable to the State as hereafter directed in writing.

h. In addition to the payment of the aforesaid amount, V&K agree to:

- (1) File stipulations of dismissal with prejudice and without costs as to all of the pending PIP Suits, as referred to in ¶3 of the Recitals to this Settlement Agreement, as more particularly set forth in Exhibit B referred to in ¶3(b) of this Agreement.

(2) File stipulations of dismissal with prejudice and without costs as to all of the other actions for PIP benefits filed against Private Carriers from whom V&K receive Releases pursuant to ¶3 of this Settlement Agreement.

(3) V&K further covenant and agree not to make any effort to collect from, or to institute any other actions or proceedings in any forum against a) the MTF/JUA; b) any Private Carriers from whom V&K receive releases, or c) any persons insured by or through the MTF/JUA or such Private Carriers for PIP benefits, including deductibles, co-payments, lien letters, or other compensation for services rendered.

2. **LICENSE REVOCATION:** Pursuant to a Consent Order to be filed in the Administrative Proceeding in the form annexed hereto as Exhibit A, the chiropractic licenses of V&K (License Nos. MC01305 and MC01451, respectively) are to be revoked, with a restriction barring application for relicensure for a period of five years. In recognition of the fact that the V&K partnership Clinics and Diagnostic Entities have been closed since February 1993, and in recognition of the fact that the individual private chiropractic practices of Verchow and Kuntzevich closed in December 1993 and February 1994, respectively, Verchow shall have the right to apply for relicensure on or after January 1, 1999, and Kuntzevich shall have the right to apply for relicensure on or after March 1, 1999.

3. **RELEASES AND STIPULATIONS OF DISMISSAL:** In consideration of the foregoing payments and other consideration from V&K, the Parties further agree as follows:

a. **Dismissal of Administrative Proceeding:** The Administrative Proceeding shall be dismissed with prejudice and without costs as part of the Consent Order attached as Exhibit A hereto.

b. **Dismissal of These Consolidated Actions:** The Parties shall file a Stipulation or Stipulations of Dismissal with prejudice and without costs in the

form annexed hereto as Exhibit B as to all claims in the above-captioned consolidated actions between and among the Parties, including all claims against the Clinics and Diagnostic Entities, except AHS, for the reasons set forth in §3(d) below. The Stipulation or Stipulations shall also include claims between and among V&K and any of the associate chiropractors and non-professionals formerly employed by V&K who have given releases to V&K.

c. **Termination of Federal Action.** The parties hereby acknowledge that an action formerly pending in the United States District Court for the District of New Jersey entitled Steven Verchow and Alexander Kuntzevich v. Samuel Fortunato, et al, Docket No. 93-2095 (MTB) has been administratively terminated, and the Parties hereby release each other from any present or future claims that were or could be brought in relation to that action.

d. **Releases by State to V&K, et al.** The State hereby releases and gives up all claims of any kind against 1) V&K; 2) all of the Clinics; 3) all of the Diagnostic Entities except AHS; and 4) all of the non-professional staff members employed by V&K listed in Schedule 2 attached hereto in their capacity as employees, arising out of anything that has happened up to the date of this Settlement Agreement, whether known or unknown, asserted or unasserted, contingent or non-contingent, liquidated or unliquidated, in law or in equity with regard to their activities as employees of V&K, except that this release specifically excludes claims by the State against AHS and Dr. Harry Citronenbaum and claims involving present or former V&K employees in their capacity as patients of any V&K Clinics or Diagnostic Entities.

The exception to this Release with respect to AHS is intended to preserve any and all claims by the State against Dr. Harry Citronenbaum only, in view of the fact that he was or is one of the partners in AHS, and is not intended to preserve any actual or potential claims by the State against V&K, the Clinics, the

Diagnostic Entities and/or the nonprofessional staff members listed on Schedule 2. As such, the State agrees to mold any judgments obtained against AHS and/or Dr. Harry Citronenbaum to, in substance, give those parties credits equal to the amount of any judgments in indemnity or contribution against V&K, the Clinics and/or other Diagnostic Entities that those parties would otherwise be entitled to. By way of illustration, if the State obtains a judgment of \$100 against Dr. Citronenbaum, and Dr. Citronenbaum obtains a judgment against Drs. V&K for ~~10% of that amount in indemnification or contribution,~~ then the State agrees to mold the judgment against Dr. Citronenbaum to \$90 (by crediting Dr. Citronenbaum with the \$10 that would otherwise be due from V&K). By way of further illustration, if the State obtains a judgment of \$100 against AHS, the State would not seek to collect any portion of that \$100 from V&K, regardless of their status as partners of AHS, since the State's intent in not releasing AHS is only to preserve its claims against Dr. Harry Citronenbaum. The State and Dr. Harry Citronenbaum would, therefore, have no right to collect any sum from V&K, the Clinics, the Diagnostic Entities, and/or the non-professional staff members listed on Schedule 2, regardless of any judgment the State may obtain against AHS or Dr. Citronenbaum. The parties recognize that it is not feasible at this time to specify in this Agreement precisely how any judgment will be molded or altered to achieve the purpose of this Section. For example, in lieu of a credit against the judgment amount, a judgment might incorporate the State's agreement to forego collection of the amount that would otherwise be due from V&K, the Clinics, or the Diagnostic Entities as a result of the contribution or indemnification claim filed by Dr. Harry Citronenbaum. The parties acknowledge, however, that their intent is that in the event that a contribution or indemnity claim filed by Harry Citronenbaum results in a judgment or judgments against V&K, the Clinics or Diagnostic Entities, the parties agree to cooperate with each other to see that this

provision is implemented at minimal cost to V&K and in such a manner that V&K, the Clinics, the Diagnostic Entities and/or nonprofessional staff members listed on Schedule 2 do not incur any liability for any judgment, settlement or portion thereof.

This release includes, but is not limited to, all claims that were or could have been asserted in these consolidated actions, the Administrative Proceeding, and any other action or proceeding pending between or among the Parties.

~~V&K, et al.~~ **Releases by V&K, et al. to State.** V&K and all of the Clinics and Diagnostic Entities hereby release and give up all claims of any kind against the State arising out of anything that has happened up to the date of this Settlement Agreement, whether known or unknown, asserted or unasserted, contingent or non-contingent, liquidated or unliquidated, in law or in equity. This release includes but is not limited to all claims that were or could have been asserted in these consolidated actions, the Administrative Proceeding, and any other action or proceeding pending between or among the Parties.

4. **DEFAULT:** A default will be deemed to have occurred under this Settlement Agreement if:

a. The payments from V&K are not made on a timely basis, and V&K fail to cure the default within 10 days after written notice to V&K's counsel, sent by fax and certified mail to Lowenstein, Sandler, Kohl, Fisher & Boylan, 65 Livingston Avenue, Roseland, New Jersey 07068 and to Verde, Steinberg & Pontell, One Parker Plaza, Fort Lee, New Jersey 07024; or

b. V&K fail to comply substantially with ¶1(h) hereof in a timely manner; or

c. V&K have made any material nondisclosures to the State concerning their assets and liabilities.

If a default occurs under (a), (b) or (c) above, the State may, at its option, file with the Superior Court of Somerset County a motion against the defaulting individual 1) to enforce the settlement; or 2) to set aside the settlement and reinstate all claims; and 3) for such other relief as may be appropriate. In addition, in the event that the representations made by V&K to the State with respect to their assets and liabilities contain any material misrepresentations concerning the existence of additional assets, then the payments due under ¶1(a) shall be increased by the value of such assets, and such additional payments shall be due upon written ~~notice by the State to V&K of the discovery of the existence of any such assets.~~ Notice shall be given in the manner set forth in ¶4(a) above. The State shall pursue enforcement of this provision by way of an appropriate action in the Superior Court of New Jersey.

5. **OTHER PROVISIONS:**

a. **Maintenance of Records:** All existing patient records relating to the V&K Clinics and Diagnostic Entities shall be kept by V&K through the period specified in N.J.A.C. 13:44E-2.2 (a) and (b), at their cost and expense. However, V&K shall not be required to keep the records at their current location, the Passaic office, nor shall they be required to retain any employees to maintain the records or their computer system unless required by statute or regulation to do so. If the State wishes to have the patient records and computer system maintained after the period specified in N.J.A.C. 13:44E-2.2(a) and (b) or any other applicable statute or regulation, the cost and expense shall be borne by the State. V&K shall give the State written notice whenever they intend to dispose of any patient records that are no longer required to be kept and may dispose of the patient records unless the State agrees to take possession within 30 days after V&K's written notice and maintain them at the State's cost and expense.

b. **Costs and Attorneys Fees:** The Parties shall each bear their own costs and expenses in connection with this action, the PIP suits, the

Administrative Proceeding, and all other actions or proceedings referred to herein, including attorneys' fees.

c. **No Other Admission of Liability or Wrongdoing:** Except as set forth in ¶9 of the Recitals, by entering into this Settlement Agreement no Party admits any liability or wrongdoing to any other Party or to any other person who is not a party to this Settlement Agreement.

d. **Entire Agreement:** Except as otherwise agreed to in writing and signed by the Parties, this Settlement Agreement constitutes the entire agreement and understanding of the Parties with respect to its subject matter, and supersedes all prior agreements, understandings, representations and/or warranties, whether written or oral, relating to the subject matter of this Settlement Agreement.

e. **Governing Law:** This Settlement Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of New Jersey.

9. **Successors and Assigns:** This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto.

10. **Counterparts:** This Agreement may be executed in any number of counterparts with the same effect as if all the signatures were upon the same instrument.

IN WITNESS WHEREOF, the Parties hereto have set their hands by their authorized representatives this 31st day of March, 1997.

PETER G. VERNIERO  
ATTORNEY GENERAL OF NEW JERSEY

By: Lee Barry  
Lee Barry  
Senior Deputy Attorney General  
Division of Law

NEW JERSEY DEPARTMENT OF BANKING  
AND INSURANCE

By: [Signature]

ELIZABETH RANDALL  
NEW JERSEY COMMISSIONER OF BANKING  
AND INSURANCE

By: [Signature]

THE MARKET TRANSITION FACILITY OF  
NEW JERSEY AND THE NEW JERSEY  
AUTOMOBILE FULL INSURANCE  
UNDERWRITING ASSOCIATION (MTF/JUA)

By: \_\_\_\_\_  
Neil Pearson, Trustee C.O.O.

NEW JERSEY BOARD OF CHIROPRACTIC  
EXAMINERS

By: \_\_\_\_\_  
Anthony DeMarco

IN WITNESS WHEREOF, the Parties hereto have set their hands by duly authorized representatives this 31st day of March, 1997.

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ATTORNEY GENERAL OF NEW JERSEY

By: \_\_\_\_\_  
Lee Barry  
Senior Deputy Attorney General  
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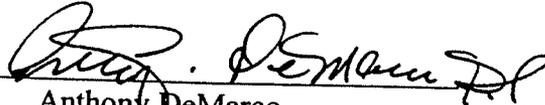
ELIZABETH RANDALL  
NEW JERSEY COMMISSIONER OF BANKING  
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By: \_\_\_\_\_

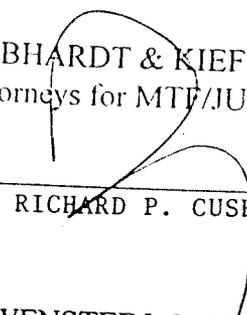
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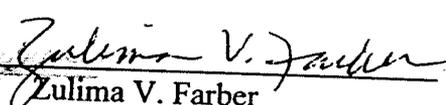
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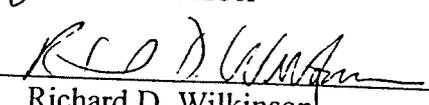
By:   
Anthony DeMarco

GEBHARDT & KIEFER  
Attorneys for MTF/JUA

By:   
RICHARD P. CUSHING

LOWENSTEIN, SANDLER, KOHL,  
FISHER & BOYLAN  
Attorneys for Steven Verchow, D.C. and  
Alexander Kuntzevich, D.C.

By:   
Zulima V. Farber

By:   
Richard D. Wilkinson

VERDE, STEINBERG & PONTELL  
Attorneys for Steven Verchow, D.C.  
and Alexander Kuntzevich, D.C.

By:   
Steven Pontell

  
Steven Verchow, individually and  
on behalf of the Clinics and  
Diagnostic Entities

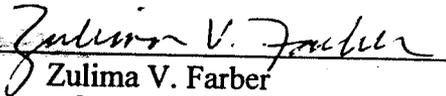
  
Alexander Kuntzevich, individually and  
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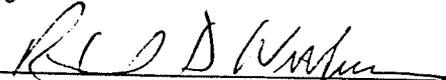
Dated:

GEBHARDT & KIEFER  
Attorneys for MTF/JUA

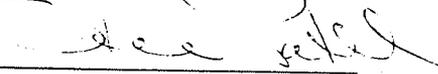
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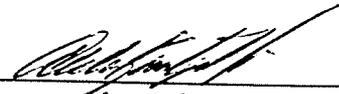
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on behalf of the Clinics and  
Diagnostic Entities

Dated: